

Message Text

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ACTION DOTE-00

INFO OCT-01 NEA-14 EB-11 ISO-00 COME-00 TRSE-00 L-03

CIAE-00 INR-11 NSAE-00 RSC-01 DRC-01 /042 W

----- 115556

R 250725Z JUL 74

FM AMEMBASY TEHRAN

TO SECSTATE WASHDC 7488

UNCLAS TEHRAN 6162

DEPT PASS FEDERAL HIGHWAY ADMINISTRATION

E.O. 11652: N/A

TAGS: EIND, IR

SUBJ: GOI MINISTRY OF ROADS PLANS FOR FHWA

1. ECONOMIC COUNSELOR CALLED ON MINISTER OF ROADS FOR PURPOSE OF FOLLOWING UP VISIT OF FHWA REPRESENTATIVE WALTER MCKENDRICK. MINISTER EXPRESSED HIS DEEP APPRECIATION FOR MR MCKENDRICK'S SERVICES AND STATED THAT A LETTER WOULD BE GOING FORWARD TO THE DIRECTOR OF FHWA REITERATING THE MINISTRY'S INTEREST IN A COOPERATIVE REIMBURSABLE ARRANGEMENT WITH FHWA. AS A FIRST STEP SEVERAL MEMBERS OF THE MINISTRY OF ROADS PLAN TO VISIT THE UNITED STATES VERY SOON (DATES UNSPECIFIED) FOR THE PURPOSE OF LAYING OUT CLEARLY THE GUIDELINES AND GOALS THE MINISTRY DESIRES IN ANY ARRANGEMENT WITH FHWA.

2. IN THE COURSE OF THE CONVERSATION THE MINISTER RAISED THE PROBLEM OF ESCALATING PRICES OF ROAD BUILDING MACHINERY. HE NOTED THAT REPRESENTATIVES OF AMERICAN COMPANIES ARE APPARENTLY RAISING THE PRICES OF THEIR MACHINERY FAR BEYOND THE RANGE OF INFLATIONARY RATES BECAUSE OF THE WIDESPREAD KNOWLEDGE THAT THE GOI IS IN A HURRY TO BUY VERY LARGE AMOUNTS OF EQUIPMENT. THE MINISTER WONDERED WHETHER IT WOULD BE POSSIBLE FOR THE MINISTRY TO DEAL DIRECTLY WITH US MANUFACTURERS OF ROAD BUILDING EQUIPMENT IN ORDER TO AVOID THE MIDDLEMAN AND AGENT'S FEES.

3. WE TOLD THE MINISTER THAT THERE WAS NO REEAT NO IMPEDIMENT TO
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DEALING DIRECTLY WITH THE COMPANIES AND THAT AS A MAJOR PURCHASER

IT MIGHT BE POSSIBLE TO OBTAIN LOWER PRICES THROUGH DIRECT DEALINGS BECAUSE OF THE LARGE QUANTITY INVOLVED. THE ONLY PROBLEM WE FORE- SAW WAS POSSIBLE COMPLICATIONS ARISING FROM AGENCY AGREEMENTS BETWEEN MANUFACTURERS AND LOCAL REPRESENTATIVES. WE POINTED OUT THAT WE UNDERSTOOD THAT THE FHWA WAS IN A POSITION TO BE HELPFUL ON ROAD BUILDING MACHINERY PROCUREMENT BUT WHETHER THIS WOULD EXTEND TO PRICES WAS UNKNOWN.

4. THE EMBASSY WISHES TO ASSOCIATE ITSELF WITH THE MINISTER'S PRAISE FOR MR MCKENDRICK'S VERY FRUITFUL VISIT HERE. HE DID A FIRST CLASS JOB IN INSPIRING THE CONFIDENCE OF THE MINISTRY OFFICIALS WITH WHOM HE DEALT AND WAS CAREFUL TO MAKE SURE THAT THE EMBASSY WAS FULLY INFORMED AT EVERY STEP OF THE WAY.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, FOREIGN INVESTMENTS, HIGHWAYS, TRADE VISITS, PERSONNEL TRAVEL
Control Number: n/a
Copy: SINGLE
Draft Date: 25 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TEHRAN06162
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740201-0765
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740716/aaaaansp.tel
Line Count: 75
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION DOTE
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: martinjw
Review Comment: n/a
Review Content Flags:
Review Date: 04 OCT 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 OCT 2002 by ThomasVJ>; APPROVED <21 JAN 2003 by martinjw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOI MINISTRY OF ROADS PLANS FOR FHWA
TAGS: EIND, IR, US, FHWA, (MCKENDRICK, WALTER B)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005